

Agenda Item	8
Report No	HSW/19/20

HIGHLAND COUNCIL

Committee: Health, Social Care and Wellbeing

Date: 12 November 2020

Report Title: Revenue Budget Monitoring 2nd Quarter 2020/21

Report By: Interim Executive Chief Officer – Health and Social Care

1. Purpose/Executive Summary

- 1.1 This report provides the second quarter revenue budget monitoring forecast to members, reflecting the position to 30th September 2020. Against a budget for the Health and Social Care Service of £148.068m, and including Covid-19 costs, the year end forecast is an overspend of £1.874m or 1.2% of budget. This contrasts with the Quarter 1 forecast which was a slightly higher overspend of £2.251m. The report provides further analysis and explanation of the revenue budget position.
- 1.2 Following the useful recent workshop with members in relation to Health and Social Care Finances, a supplementary analysis of the revenue budget forecast (**Appendix 2**) is being included with this report, which is similar in format to the budget analysis used during the workshop. This provides a drill down level of detail in relation to the underlying budgets within the main budget headings set out on **Appendix 1**.
- 1.3 It remains the case that this financial year and the impact of Covid-19, creates unprecedented levels of uncertainty, and the monitoring forecasts continue to be reflective of best information and estimates at the current time, but still subject to a significant risk of variation as the country continues through this pandemic.

2. Recommendations

Members are asked to:

- i. Consider the revenue budget outturn forecast for the year.
- ii. Note the mitigating action, and ongoing risks and uncertainties arising from Covid-19 in relation to these forecasts.

3. Implications

- 3.1 Resource – as set out within the report and accompanying appendices. Pressure areas in relation to Looked After Children and Covid-19 costs continue to represent the main factors in the net overspend being reported.
- 3.2 Legal – there are no legal implications to highlight.
- 3.3 Community (Equality, Poverty, Rural and Island) – no implications to highlight.
- 3.4 Climate Change/Carbon Clever – no implications to highlight.
- 3.5 Risk – as noted within the report, Covid-19 represents a significant risk and uncertainty impacting on financial forecasts, with the risk that financial forecasts differ as a result of changed or unforeseen events.
- 3.6 Gaelic – no implications to highlight.

4. Introduction

- 4.1 This report and **Appendix 1**, plus the supplementary **Appendix 2**, sets out the revenue budget monitoring report for quarter 2 of the 2020/21 financial year.
- 4.2 **Appendix 1** remains in the same format as used for Quarter 1. Providing headline analysis of the overall budget position across the main budget headings, and consistent with the format used in past years for these budget headings. **Appendix 2** is a new supplementary analysis, produced following the recent member workshop on finances, to provide a further drill down analysis on the budget headings in **Appendix 1**. This new **Appendix 2** should be read in conjunction with **Appendix 1**. The intent is that a 'service budget glossary' is also developed to sit alongside these statements, to provide further understanding of these budgets, and the activities and outcomes they support.
- 4.3 The forecast for the year to date represents an improvement from the position reported at Quarter 1, with the following sections providing commentary on movements from the previous quarter, as well as key variances within the budget statement.

5. Movement from Quarter 1

- 5.1 The following describe the main movements in the forecast from the previous quarter, and accounting in the main for the net £0.377m improvement in the forecast overspend.
 - Reduction in COVID-19 cost forecasts due to Quarter 1 duplication of £0.903m of cost estimates in both Education & Learning and Health & Social Care. This duplication had been corrected and highlighted in the recent budget report to Council on 1st October.
 - Reduction in Covid-19 cost forecasts of £0.787m in light of actual costs to date, and current assessment of pandemic impact on service response and cost forecasts.
 - Reduction in forecast out-turn in family teams, as a result of increased underspend on SDS of £0.222m.

- Increase in forecast out-turn in Other Services for Children as a result of recruitment activity in relation to Allied Health Professionals and Nurses £0.229m.
- Increase in forecast overspend on Other Services for Children of £0.427m, as a result of allocation of Care and Learning budget savings relating to management re-structuring, across Health & Social Care and Education & Learning Services.
- Increase in forecast overspend on Looked After Children of £1.344m due mainly to refinement of forecasted expenditure on Council operated in-area residential units and alternatives to Out of Area placements with further explanation provided later in the report.

5.2 The following sections provide further narrative in relation to the main variances against budget, focusing on the year end forecast out-turn rather than the movement within the quarter explained above.

6. Commentary on Main Budget Variances

6.1 COVID-19 and the implications of the pandemic continue to impact on Children's Services despite an agile response with Residential staff, Foster carers and Kinship carers commended for their resilience, support and dedication. Demand for further intensive support is likely as the impact of COVID-19 on society and the economy continues to have an effect.

6.2 Covid-19 Response

6.3 As referred to in section 5, there is an improvement in the forecast costs associated with Covid-19, for the reasons as set out above. While overall cost forecasts have reduced, there remain actual costs to date approaching £1m, and forecast costs totalling £1.9m related to Covid-19 in the following respects:-

- additional residential placements (both Council and independent providers)
- additional PPE and other Covid-19 costs associated with placements and facilities
- additional respite care provision
- additional fostering and adoption costs
- additional staff costs, across a range of Covid 19 responses incl out of hours service, family teams, mental health officers

6.4 These forecasts remain under regular review, and continue to carry a significant degree of risk and uncertainty. Further significant impacts of Covid-19, whether that be significant increase in cases or further lockdowns, would negatively impact on these forecasts.

6.5 Looked After Children

6.6 The greatest financial impact of COVID-19 on Children's Services has been additional purchased residential and fostering placements, renting property to shield children, supplementing residential staff who are shielding/self-isolating, and overtime in family and mental health teams.

6.7 Since Quarter 1, out of area purchased placements have remained static at 27 despite the increase of 6 young people during lockdown as highlighted in the quarter 1 report, but positively, no further placements have been made in the second quarter of the financial year. In terms of other positive developments during the period, 2 children went

home from in-area purchased placements, a further child went home from Out of Authority and an additional young person moved to care with NHH adult services. The Placement Services Change team are working on the return of x6 further children back to Highland by the end of this financial year and active planning is ongoing for a further 12 next calendar year. The decision about any additional child coming into care continues to be made by the Head of Children's Services. The forecasted overspend for LAC is estimated at £2.1m by end of this financial year.

6.8 The main factors in the increase in reported overspend, is a higher projection in the costs for Highland Council operated residential units (residential and respite in-house) and also in the alternative provisions in Highland (alternatives to OOA placements). Forecasts are refined as we move through the year and have been affected by the impact of COVID in that more placements were required in the first quarter. In quarter one a higher underspend was calculated for Council-operated residential units than is now evident in quarter two. Likewise, the forecast for alternative provisions in Highland is now more definite and showing at a higher level than quarter one. There is a modest increase in forecasted spend for Fostering and Adoption and purchased placements. It is worth noting that the programme seeks to reduce costs on purchased placements (Residential – Independent – 3rd Sector) and increase use of in-area provisions as these meet children's needs in area at reduced cost.

6.9 Achieving a positive balance of returns against new placements is obviously the ideal, but this year is likely to pose one of the most challenging due to the obvious impact of COVID-19 on increased purchased residential and fostering placements, HC residential placements, and the concurrent delay in returning young people from OOA.

6.10 Family Teams

6.11 Overall the family teams' budget is showing a higher level of underspend than at Quarter 1, now standing at £2.849m underspend (£2.627m Quarter 1). The movement is as described above in section 5 and relates to SDS, rather than Area Teams.

6.12 In relation to Family Teams staffing, as show on Appendix 2, the reported underspend is across all 4 Area budgets. As reported to the last Committee, national recruitment activity was underway in relation to health and social work posts, and the update in relation to that activity is that the Service has been able to fill 10 qualified social worker posts and new staff will take up post in the next 2 – 3 months. Recruitment is ongoing in relation to further social work posts. There are also posts out to advert in terms of both school nurses and health visitor vacancies which are hoped to be recruited to soon.

6.13 Other Services for Children

6.14 As outlined in section 5, the reason for the reported overspend is as a result of adjustments made to the allocation of agreed budget savings, which are held within this budget heading pending re-allocation or implementation. Previously agreed budget savings relating to management restructuring have now been re-allocated between Health & Social Care and Education & Learning, and held within this budget heading. As members will be aware, management restructuring across Council Services is being taken forward during the course of this financial year, as part of Council recovery activity, with these savings to be delivered as part of that approach.

7. Next Steps

- 7.1 The Service Management Team continue to review the financial position and consider any further actions that can be taken forward to mitigate the overspend for the year. Where necessary, bringing reports or recommendations back before members. The demand led nature of many aspects of service delivery, legacy pressure areas as reflected within this report, and the ongoing impact and uncertainty arising from Covid-19, make that task challenging, and with the result that current forecast remains a net overspend for the year.
- 7.2 One action being reviewed at present by the Senior Management Team, and referred to at the recent member workshop on finances, is the re-basing of budgets to address legacy variances and more accurately reflect current service levels. This is particularly relevant in relation to Looked After Children and Family Teams, with recurring variances as referenced earlier in the report which have been carried for a number of years now, and the budgets held are not sufficiently representative of the actual levels of expenditure and service being provided. The intent would be to review these, and other budgets, to consider a re-allocation of budgets between these headings, re-basing the budgets and reducing the levels of over and underspend currently shown. This will be reported back in subsequent reports to this Committee. The objective of this re-basing would be to support and improve budget management.

Designation: Interim Executive Chief Officer – Health and Social Care

Date: 2 November 2020

Author: Brian Porter, Head of Resources

Background Papers:

HEALTH, SOCIAL CARE AND WELLBEING SERVICES BUDGET 2020/21 - SEPTEMBER MONITORING

	£'000 Annual Budget	£'000 Actual YTD	£'000 Year End Estimate	£'000 Year End Variance
BY ACTIVITY				
Service Management and Support				
Management Team	173	35	180	7
Business Support	830	391	792	(38)
COVID-19 Response	0	918	1,933	1,933
	1,003	1,344	2,905	1,902
Adult Services				
Commissioned Adult Services	104,901	26,344	104,901	0
Mental Health Teams	1,202	485	1,115	(87)
Criminal Justice Service	50	27	50	0
Other Services for Vulnerable Adults	1,319	760	1,358	39
	107,472	27,616	107,424	(48)
Children's Services				
Looked After Children	24,805	11,207	26,946	2,141
Family Teams	18,401	7,236	15,552	(2,849)
Other Services for Children	7,068	3,164	7,796	728
Commissioned Children's Services Income from NHS	(10,681)	(2,855)	(10,681)	0
	39,593	18,752	39,613	20
TOTAL	148,068	47,712	149,942	1,874
BY SUBJECTIVE				
Staff Costs	36,668	16,530	35,162	(1,506)
Other Expenditure	127,366	36,565	130,798	3,432
Gross Expenditure	164,034	53,095	165,960	1,926
Grant Income	(15,943)	(5,338)	(15,994)	(51)
Other Income	(23)	(45)	(24)	(1)
Total Income	(15,966)	(5,383)	(16,018)	(52)
NET TOTAL	148,068	47,712	149,942	1,874

HEALTH, SOCIAL CARE AND WELLBEING SERVICES BUDGET 2020/21 - SEPTEMBER MONITORING

	GROSS EXPENDITURE				GROSS INCOME				NET TOTAL			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance	Annual Budget	Actual YTD	Year End Estimate	Year End Variance
BY ACTIVITY												
Service Management and Support												
Management Team	173	35	180	7	0	0	0	0	173	35	180	7
Business Support	830	391	792	(38)	0	0	0	0	830	391	792	(38)
COVID-19 Response	0	918	1,933	1,933	0	0	0	0	0	918	1,933	1,933
Adult Services												
Commissioned Adult Services	104,901	26,344	104,901	0	0	0	0	0	104,901	26,344	104,901	0
Other Services for Vulnerable Adults												
Mental Health Teams	1,202	519	1,149	(53)	0	(34)	(34)	(34)	1,202	485	1,115	(87)
Supported Employment	66	31	66	0	(23)	10	(23)	0	43	41	43	0
Criminal Justice Service	4,254	1,789	4,254	0	(4,204)	(1,762)	(4,204)	0	50	27	50	0
Other Services for Vulnerable Adults	1,276	719	1,315	39	0	0	0	0	1,276	719	1,315	39
Children's Services												
Looked After Children												
Fostering & Adoption	5,381	2,745	5,982	601	0	0	0	0	5,381	2,745	5,982	601
Looked After Children (Residential) In house	3,402	1,359	3,095	(307)	0	0	0	0	3,402	1,359	3,095	(307)
Looked After Children (Respite) In house	1,550	691	1,448	(102)	0	0	0	0	1,550	691	1,448	(102)
Looked After Children (Residential) Independent / 3rd Sector	7,245	4,026	9,942	2,697	0	(25)	0	0	7,245	4,001	9,942	2,697
Looked After Children (Through care & aftercare)	1,531	658	1,303	(228)	0	(64)	0	0	1,531	594	1,303	(228)
Looked After Children (Alternatives to OOA)	5,494	1,973	5,018	(476)	(281)	(336)	(281)	0	5,213	1,637	4,737	(476)
Looked After Children Management and Support	483	180	439	(44)	0	0	0	0	483	180	439	(44)
Family Teams												
Family Teams - North	2,806	1,157	2,450	(356)	0	(7)	(7)	(7)	2,806	1,150	2,443	(363)
Family Teams - Mid	3,482	1,577	3,295	(187)	0	(1)	(1)	(1)	3,482	1,576	3,294	(188)
Family Teams - West	2,915	1,290	2,613	(302)	0	0	0	0	2,915	1,290	2,613	(302)
Family Teams - South	8,645	3,314	6,824	(1,821)	(15)	(13)	(22)	(7)	8,630	3,301	6,802	(1,828)
Self Directed Support (Direct Payments)	569	0	400	(169)	0	(81)	0	0	569	(81)	400	(169)
Other Services for Children												
Child Protection	543	205	524	(19)	(31)	(31)	(31)	0	512	174	493	(19)
Health and Health Improvement	1,380	562	1,238	(142)	(708)	(117)	(708)	0	672	445	530	(142)
Allied Health Professionals	3,617	1,624	3,343	(274)	(11)	(59)	(11)	(0)	3,606	1,565	3,332	(274)
Primary Mental Health Workers	653	234	602	(51)	0	0	0	0	653	234	602	(51)
Early Years Change Fund	139	36	81	(58)	0	0	0	0	139	36	81	(58)
Specialist Services	483	274	444	(39)	0	0	0	0	483	274	444	(39)
Youth Action Services	1,629	186	1,429	(200)	0	(7)	(7)	(7)	1,629	179	1,422	(207)
Other Services for Children	815	225	756	(59)	(12)	(1)	(8)	4	803	224	748	(55)
Staff Training	175	49	144	(31)	0	0	0	0	175	49	144	(31)
Independent Funds	0	(16)	0	0	0	0	0	0	0	(16)	0	0
Unallocated Savings	(1,604)	0	0	1,604	0	0	0	0	(1,604)	0	0	1,604
Commissioned Children's Services income from NHS	0	0	0	0	(10,681)	(2,855)	(10,681)	0	(10,681)	(2,855)	(10,681)	0
TOTAL	164,034	53,095	165,960	1,926	(15,966)	(5,383)	(16,018)	(52)	148,068	47,712	149,942	1,874